



City of San Diego  
**CARL DEMAIO**  
CITY COUNCILMEMBER-ELECT –DISTRICT 5

**MEMORANDUM**

DATE: August 11, 2008

TO: Mayor Jerry Sanders  
City Council

FROM: Councilmember-Elect Carl DeMaio *Carl DeMaio*

RE: “Efficiency Alternatives” Needed in Proposal to Build a New City Hall

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You will soon be asked to consider whether the City of San Diego should build a new City Hall—beginning a redevelopment process that the next City Council will have to oversee. As you may know, I am strongly opposing the current proposals being reviewed by CCDC. In short I believe the project as currently structured is fundamentally flawed because it is driven by the wrong goal (the desire to build a new City Hall) and fails to reflect fiscally responsible use of city resources and assets in the midst of the City’s current financial crisis.

I am writing to you with several proposed “Efficiency Alternatives” in the project that—if included—may make this project advantageous to taxpayers.

This week the CCDC will forward to you its financial assessment of the two initial proposals received by the developers for this project. As the attached memorandum indicates, I have asked CCDC to prepare an additional financial assessment of several alternatives/modifications.

<b>Alternative 1: Harness Civic Concourse Redevelopment to Fund a Community Infrastructure Bond</b>
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At a time when streets, sidewalks, and fire stations are in disrepair in our neighborhoods, it is untenable to suggest that the city proceed with a project with the principal goal of building of a new City Hall. Unfortunately, CCDC’s Request for Proposal issued for this project defined City’s goal in exactly that manner—and the resulting two development proposals reflect that flawed goal. The City should change its stated goal from “How do we build a new City Hall?” to the more appropriate goal of “How can we leverage existing city assets to fund long-deferred repairs and improvements in community infrastructure?”

I strongly recommend that the City should not proceed forward with this project unless it is directly linked to the issuance of a \$200 million infrastructure bond—supported by the cost savings and enhanced revenues resulting from this project. As such, the City should evaluate the

two proposals based on the extent to which funding can be generated to support this bond. Furthermore, to ensure accountability, this project should be approved only in concert with the City's commitment to such a bond and include a list of infrastructure repairs and improvements in each Council District on firm timelines.

### **Alternative 2: Reduce the Size of City Government to Reduce Office Space Expenses**

To reduce the cost to taxpayers' of the new City Hall and to generate revenues to support a community infrastructure bond, the City should commit to a downtown City workforce reduction of 10% by the year 2013 through a mix of managed competition, attrition, redeployment to front-line field positions.

By committing to this reduction now, the City would have four years to strategically and methodologically achieve this necessary reduction. Consistent with achieving Alternative 1 above, any cost savings and/or revenues generated by reducing the "footprint" of the City in the proposed project would be allocated to pay for the debt service on the community infrastructure bond.

### **Alternative 3: Integrate with Other Civic Projects and Assets**

The city must adopt a more integrated and strategic view of asset management—instead of pursuing projects in a piecemeal and site-specific fashion. Unfortunately, the RFP for this project focused exclusively on the Civic Concourse, while ignoring the potential synergies and cost savings gained by including other city assets in the mix.

I have asked CCDC to analyze the financial benefits of including the East Village site for the proposed new downtown library in this project. The library site has significantly more potential for generating much-needed revenues for community infrastructure than the Civic Concourse site—and its inclusion is consistent with the overall objective of consolidating City functions into a single project site. Under this alternative, the project can either locate a new library inside the Civic Complex (taking advantage of common areas and meeting space) or take the more fiscally prudent path of capturing the revenues from the library site and postponing the construction of a new library until such time the City's finances are more healthy.

CCDC informs me that their analysis on these "Efficiency Alternatives" will be provided soon. In addition to exploring the alternatives, it is imperative that the underlying assumptions in the base financial assessment be carefully examined.

I look forward to working with you to improve this project to achieve greater efficiencies and benefits to our taxpayers. However, without an explicit linkage to community infrastructure investment and absent some effort to reduce the size of the City's "footprint" in the project area, it will be my intention to oppose this project.

Attachments:

August 11, 2008 Memorandum to CCDC; July 28, 2008 *Voice of San Diego* Op-Ed